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## **Vietnam**

## **Grain and Feed**

## **June Rice Update**

**1999**

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**Report Highlights:** This report comments on winter-spring crop production, and offers tables on production, prices and exports for the month of May.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Hanoi [VM1], VM

## TABLE OF CONTENTS

<b>Executive Summary</b> .....	<a href="#">1</a>
<b>Production</b> .....	<a href="#">1</a>
<i>Harvest of the Winter-Spring crop underway in the RRD:</i> .....	<a href="#">1</a>
<i>Table 1: Vietnam Rice: Status of W-S Crop in RRD; S-A Crop in MRD, as May 25, 1999</i> .....	<a href="#">2</a>
<i>Sowing of the Summer-Autumn crop in the MRD rapidly nearing completion:</i> ..	<a href="#">2</a>
<i>Another bumper W-S crop in the MRD despite drought and saltwater intrusion:</i> .....	<a href="#">2</a>
<i>Table 2: Vietnam Rice: Actual W-S crop 98-99 &amp; targeted S-A crop 1999 in MRD</i> .....	<a href="#">3</a>
<b>Prices</b> .....	<a href="#">3</a>
<i>Farmers enjoy higher prices, but express concern over NPK fertilizer prices:</i> ..	<a href="#">3</a>
<i>Table 3: Vietnam Rice: Prices of Paddy &amp; Raw White Rice</i> .....	<a href="#">4</a>
<b>Trade</b> .....	<a href="#">4</a>
<i>First-half 1999 shipments could reach 2.2 MMT; another excellent export campaign in the making:</i> .....	<a href="#">4</a>
<i>Table 4: Vietnam Rice: Estimated Rice Exports</i> .....	<a href="#">4</a>
<b>Policy</b> .....	<a href="#">5</a>
<i>Abundant exportable supplies give GVN confidence to loosen the export quota for Q2/1999:</i> .....	<a href="#">5</a>
<i>Prices of NPK fertilizers rise after March ban on imports:</i> .....	<a href="#">5</a>
<i>Countertrade opportunities of rice for fertilizer:</i> .....	<a href="#">5</a>

## Executive Summary

Vietnam at the end of May finds itself with record Winter-Spring (W-S) crop supplies in the Mekong River Delta (MRD) and very good harvest prospects for the W-S crop in the Red River Delta (RRD). The early onset of the rainy season in both major rice bowls has all but washed away fears of drought that had gripped the country. An early-planted Summer-Autumn (S-A) crop in the MRD adds to the sense of security of adequate exportable supplies and supports the government's decision to raise the first-half 1999 export quota to 2.2 million metric tons (MMT). Trade is still dominated by state-owned companies, and the private sector gets by on tiny direct allocations and quotas from the provincial governments. Campaign 1999 shipments through the end of May are about 1.75 MMT, down from last year's overheated pace. Farmers are generally happy with price levels, but concerned about fertilizer policy's impact on production costs.

## Production

### *Harvest of the Winter-Spring crop underway in the RRD:*

Over the past week farmers have begun harvesting the W-S paddy. Although official harvest data are not yet available, planted area in key RRD provinces remains unchanged (515,000 hectares) from the previous two years. Despite the specter of drought overshadowing this crop, farmers and ministry officials alike are optimistic for another good harvest. Indeed, the apparent early onset of the rainy season has delayed harvest in some areas. Outside the RRD, this moisture recharge is welcome relief, but too late to affect yields on the W-S

rice crop this year. A reported 314 THa were planted in North Central provinces (see Tables 1&2).

Through May 25, 1999, farmers in the North had harvested about 289 THa of the 1998/99 W-S paddy, of which 65THa were in the RRD and 174THa in the North Central provinces. According to initial estimates from the provinces, yields in the RRD are about the same level or slightly lower than the 1997/98 crop. Yields in the drought-hit North Mountain region are much lower, however, farmers in North Central provinces are optimistic of higher yields compared with the previous year's W-S crop.

**Table 1. Vietnam Rice: Status of W-S Crop in RRD; S-A Crop in MRD, as May 25, 1999**  
(Sown/Harvested Area:1000 Ha; Yield: MT/ha; Quantity: MT)

	Unit	Planted Area	Harvested	comparison (%)
		W-S/year	May 25/99	Harvested/planted
1. Winter-Spring Rice Harvested		Actual		
in the North (1998/99 crop)	THa	1,117	289	26
of which in RRD	THa	516	65	13
of which in North Central provinces	THa	314	174	55
		Planned		
2. Summer-Autumn rice Planted	THa			
in the South (1999's crop)	THa	1,974	1,574	80
of which in MRD	THa	1,750	1,399	80

Source: MARD & FAS/HN

***Sowing of the Summer-Autumn crop in the MRD rapidly nearing completion:***

According to MARD data, through May 25, farmers in southern provinces had sown about 1,575 THa of S-A rice, of which 1,400THa is in the key MRD. Planting began a month earlier than last year. This pace is about 50 percent faster than the same period last year. Official target for the current S-A crop in the MRD is about 1,750 THa. An Giang and Tien Giang provinces were first in completing their planting. Average yields are expected to reach 3.5 Ton/ha, bringing total production to 6.1 MMT of paddy (see Table 2, below). The jump on the season bodes well for aggregate production and exportable supplies.

***Another bumper W-S crop in the MRD despite drought and saltwater intrusion:***

MRD provinces posted another bumper W-S harvest, despite serious concerns over drought/pest damage and saline encroachment. Official figures for this crop place total area harvested and output above last year's record outturn by about 113 THa and 185TMT (paddy), respectively. This is over 100 TMT above our earlier projection (see Table 2, below for details). Soc Trang, Kien Giang, Bac Lieu, and Ca Mau provinces enjoyed measured progress this season.

**Table 2: Vietnam Rice: Actual W-S crop 98-99 & targeted S-A crop 1999 in MRD**  
(Sown/Harvested Area:1000 Ha; Yield: MT/ha; Quantity: MT)

Province	Winter-Spring Crop 1998-99 (actual)			Summer-Autumn Crop 1999	
	Harvested area	Est. Yield	Quantity	Sown area (target)	Planted up to 05/08/99
Long An	231	4.06	938	150	88
Tien Giang	96	5.15	494	180	176
Ben Tre	24	3.83	92	26	5
Dong Thap	202	5.61	1,133	225	176
Vinh Long	76	5.50	418	138	74
Tra Vinh	53	4.17	221	78	52
Can Tho	174	5.80	1,009	265	164
Soc Trang	137	4.57	626	157	78
An Giang	217	5.89	1,278	210	211
Kien Giang	207	4.88	1,010	200	144
Bac Lieu	22	4.45	98	60	46
Ca Mau	24	4.30	103	55	19
MRD Total	1,463	5.07	7,420	1,744	1,233

## Prices

### *Farmers enjoy higher prices, but express concern over NPK fertilizer prices:*

May prices for paddy and rice increased about \$7/MT compared with April. FOB Saigon Port prices continued to firm at the end of the month, reportedly at \$212-\$215/MT for 25% broken and \$232-\$235/MT for 5% broken. These FOB values reflect current prices of rice and paddy in the MRD, which strengthened about VND 40-60/kg, compared with the level at mid-month. Prices of paddy (16% moisture) and raw white rice (15%-16% moisture) are at VND 1,700 - 1,800/kg and VND 2,600 - 2,650/kg, respectively (see Table 3, below). Barge rates from Can Tho to Saigon port are quoted at VND 30,000-40,000/MT. Prices in northern markets have settled, down about VND 200-300/kg from April's level on the start of the W-S harvest. Paddy prices are VND 2,300-2,500/kg. The recent announcement of G-to-G sales of 100 TMT to Cuba on deferred terms has buoyed prices somewhat. Part of the general firmness is attributable to large-scale operators and processors who have been buying and storing rice for export. An estimated 600 TMT is in storage. Thai prices have also firmed on recent business (e.g., 300 TMT to Iran), which has also improved the market for VN rice.

**Table 3: Vietnam Rice: Prices of Paddy & Raw White Rice**

## ( 25 % Broken, Mekong Delta)

Provinces	Paddy Price (VND/kg)	White Rice 25%Broken (VND/kg)
Can Tho	1,780 - 1,800	2,600 - 2,650
An Giang	1,700 - 1,750	2,600 - 2,650
Tien Giang	1,700 - 1,750	2,600 - 2,650
Vinh Long	1,700 - 1,750	2,600 - 2,650
Dong Thap	1,700 - 1,750	2,600 - 2,650
Long An	1,700 - 1,750	2,600 - 2,650
Tra Vinh	1,700 - 1,750	2,580 - 2,620
Soc Trang	1,650 - 1,750	2,580 - 2,620
Kien Giang	1,650 - 1,750	2,580 - 2,620
Bac Lieu / Ca Mau	1,650 - 1,750	2,580 - 2,620
Ben Tre	1,750 - 1,800	2,600 - 2,700

Source: Trade

## Trade

***First-half 1999 shipments could reach 2.2 MMT; another excellent export campaign in the making:***

Viet rice exports began to heat up in May as an estimated 480 TMT were shipped through southern ports. First-half May exports of about 215 TMT are presented in Table 4, below. Vietnam shipped about 1.75 MMT during the first five months of the campaign year. Traders estimate that Vietnam will export another 480 TMT in June, which would bring total exports up to about 2.2 MMT for mid-year. A record W-S harvest coupled with large carry-in stocks following the September 1998 temporary ban on exports, have left VN flush with exportable rice. A reasonably good S-A crop could ensure Vietnam further export supplies. If buyer demand and prices remain firm, Vietnam's 1999 export campaign could match last year's. Post will monitor this situation closely over the next two months.

**Table 4: Vietnam Rice: Estimated Rice Exports  
1-16 May 1999**

By Seller	5%	10%	15%	25%	100% Br.	Total
Vinafood2	8,921			19,091		28,012
Sohafarm	6,329	5,012		10,024	4,003	25,368
Imex CuuLong				21,242		21,242
Tigifood	4,510			13,786		18,296
Angifood				18,244		18,244
Longanfood				17,541		17,541
Vinhlongfood				16,210		16,210
Dagrimex		11,280				11,280
Gentraco		10,024			1,002	11,026
Imex Tra Vinh				9,473		9,473
Docimexco				5,500	3,500	9,000

Mihafood					8,250	8,250
Unimex Long An				6,516		6,516
Mekongfood Can Tho				5,262		5,262
Unknown				5,000		5,000
Foodcosa	1,603			902		2,505
Sofoodco				1,503		1,503
JFT	1,256					1,256
Subtotal	22,619	26,316		150,294	16,755	<b>215,984</b>
By Destination						
West Africa	7,718			44,209	15,753	67,680
Cuba				67,526		67,526
Iraq		26,316				26,316
Indonesia	1,603			16,505		18,108
Africa				17,041	1,002	18,043
Yemen	7,585					7,585
Malay	5,713					5,713
Bangladesh				5,013		5,013

Source: Trade

## Policy

### *Abundant exportable supplies give GVN confidence to loosen the export quota for Q2/1999:*

The MOT has announced additional export quotas for second quarter, bringing first-half 1999 allocations to about 2.2 MMT. Most increases were to provincial authorities, with only limited amounts going to direct exporters, including the private sector.

### *Prices of NPK fertilizers rise after March ban on imports:*

Effective March 1999, Vietnam banned imports of NPK in order to protect local industry; however, local production is inadequate to meet farmer demand of about 900 TMT. Therefore, prices of NPK rose from VND 2,700 - 2,750/kg (February) to VND2,850-2,900/ kg (end of May). This action has had the unexpected consequence of raising costs of production. Part of the problem is logistical: the timely movement of fertilizer to position when the rains begin. MARD is urging the GVN to lift the ban on imports at this critical period in the crop cycle. Thus, VN will likely approve imports of NPK to stabilize prices contain costs of production for the coming key crops (rice, coffee, rubber etc.). Landed cost imported NPK fertilizer VND 2,200/kg (\$163/MT).

### *Countertrade opportunities of rice for fertilizer:*

VN concluded an MOU with Indonesia (signed 31/03/99) in which rice for urea is the major concern for both sides. VN and the Philippines are now exploring possibilities for a counter-trade mainly related to NPK/DAP. Details are forthcoming, but could represent about 50 TMT .